

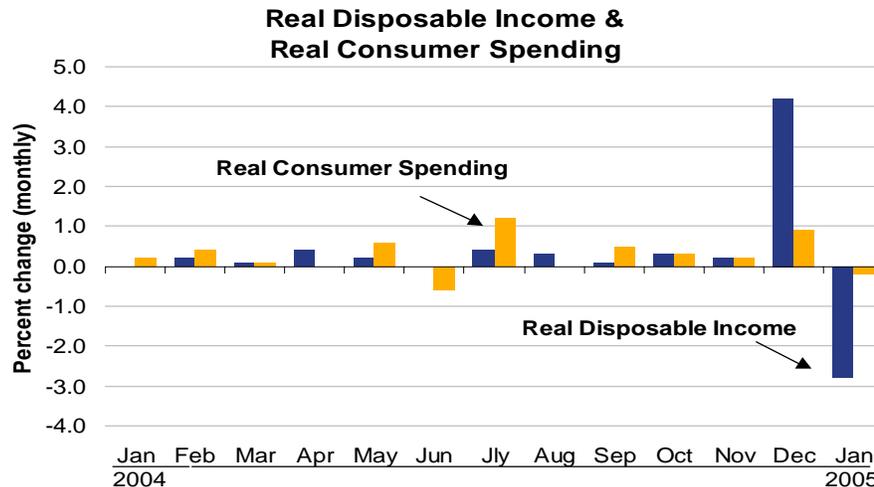


MONDAY, February 28, 2005

INCOME AND SPENDING DECLINE IN JANUARY

Personal Income Estimates

The total income received by individuals, without adjusting for inflation, decreased 2.3 percent in January, according to estimates released today by the U.S. Bureau of Economic Analysis. The 2.3 percent decrease mainly reflected the effect of payment of a special dividend by the Microsoft Corporation, which had boosted personal income in December. Excluding the special dividend, income increased 0.6 percent in January after increasing 0.7 percent in December. Consumer spending, adjusted for inflation, decreased 0.2 percent in January after increasing 0.9 percent in December.



After-tax income received by individuals, adjusted for inflation, decreased 2.8 percent in January. This decrease is mostly attributable to the December special Microsoft dividend.

Since January of last year, real disposable personal income has increased 3.5 percent, and real consumer spending has increased 3.0 percent.

Personal consumption expenditures decreased by \$3.9 billion in January, resulting mainly from a decline in big-ticket item purchases.

Personal saving was 1.0 percent of disposable personal income in January 2005.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—decreased \$238.6 billion (or 2.3 percent) in January after increasing \$360.9 billion (3.7 percent) in December.

- Wages and salaries, the largest component of personal income, increased about \$31 billion in January.
- Boosted by an increase in nonfarm income, proprietor's income increased \$16 billion in January.
- Government social benefits to persons increased about \$13 billion in January.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: www.bea.gov.

NOTE: Estimates of personal income and outlays for February, along with revised estimates for October, November, December, and January will be released on March 31, 2005.

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Bureau of Economic Analysis
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